

LAFAYETTE CATHOLIC SERVICE CENTERS INC

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS

June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 14 2011

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INDEPENDENT AUDITORS' COMBINED REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors  
Lafayette Catholic Service Centers, Inc  
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Catholic Service Centers, Inc. (LCSC) (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of LCSC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafayette Catholic Service Centers, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Grants Receivables are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2011, on our consideration of LCSC's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, appearing to read 'L. Rolfes, II', with a long horizontal flourish extending to the right.

Louis R. Rolfes, II, CPA  
Lafayette, Louisiana  
August 5, 2011

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors  
Lafayette Catholic Service Centers, Inc  
Lafayette, Louisiana

We have audited the financial statements of Lafayette Catholic Service Centers, Inc. (LCSC) (a not-for-profit corporation) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered LCSC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LCSC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LCSC's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether LCSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the U.S. Department of Housing and Urban Development (HUD) Supportive Housing Program, the U.S. Federal Emergency Management Agency (FEMA), the U.S. Department of Veterans' Affairs (VA) and the Lafayette Consolidated Government and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes, II, CPA  
Lafayette, Louisiana  
August 5, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Lafayette Catholic Service Centers, Inc  
Lafayette, Louisiana

Compliance

We have audited Lafayette Catholic Service Centers, Inc.'s (LCSC) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LCSC's major federal programs for the year ended June 30, 2011. LCSC's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards (Schedule A) and again in the summary of auditor's results. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LCSC's management. Our responsibility is to express an opinion on LCSC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LCSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of LCSC's compliance with those requirements.

In our opinion, LCSC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of LCSC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LCSC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LCSC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the audit committee, management, the U.S. Department of Housing and Urban Development (H.U.D.) Supportive Housing Program, the U.S. Federal Emergency Management Agency (FEMA), the U.S. Department of Veterans' Affairs (VA) and the Lafayette Consolidated Government and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes II, CPA  
Lafayette, Louisiana  
August 5, 2010



**Lafayette Catholic Service Centers, Inc.**  
**Statement of Financial Position**  
**June 30, 2011**

**ASSETS**

**CURRENT ASSETS**

|  |               |
|--|---------------|
| Cash and cash equivalents - Unrestricted | \$ 294,683    |
| Cash and cash equivalents - Restricted   | 21,169        |
| Grants receivable                        | 1,148,267     |
| Other receivables                        | -             |
| Food and clothing inventory              | <u>43,860</u> |

|                      |           |
|----------------------|-----------|
| Total Current Assets | 1,507,979 |
|----------------------|-----------|

**FIXED ASSETS**

|  |               |
|--|---------------|
| Land                                     | 111,800       |
| Buildings                                | 2,645,160     |
| Leasehold Improvements - New Life Center | 1,891,960     |
| Furniture & equipment                    | 822,083       |
| Autos and trucks                         | <u>59,060</u> |

|                    |           |
|--------------------|-----------|
| Total Fixed Assets | 5,530,063 |
|--------------------|-----------|

|                               |                    |
|-------------------------------|--------------------|
| Less Accumulated depreciation | <u>(2,752,540)</u> |
|-------------------------------|--------------------|

|                  |           |
|------------------|-----------|
| Net Fixed Assets | 2,777,523 |
|------------------|-----------|

**OTHER ASSETS**

|             |              |
|-------------|--------------|
| Investments | 13,152       |
| Deposits    | <u>4,594</u> |

17,746

**TOTAL ASSETS**

\$ 4,303,248

See accompanying notes to financial statements

**Lafayette Catholic Service Centers, Inc.**  
**Statement of Financial Position**  
**June 30, 2011**

**LIABILITIES & NET ASSETS**

**CURRENT LIABILITIES**

|                                       |              |           |
|---------------------------------------|--------------|-----------|
| Accounts payable and accrued expenses | \$ 96,523    |           |
| Deferred revenue - grants             | 1,061,310    |           |
| Residents' savings - V A program      | <u>3,848</u> |           |
| Total current liabilities             |              | 1,161,681 |

**LONG-TERM LIABILITIES**

|                             |          |           |
|-----------------------------|----------|-----------|
| Total long-term liabilities | <u>-</u> |           |
| Total liabilities           |          | 1,161,681 |

**NET ASSETS**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Unrestricted           |                  |                  |
| Operations             | 259,765          |                  |
| Physical Plant         | <u>2,777,523</u> |                  |
| Total Unrestricted     | 3,037,288        |                  |
| Temporarily Restricted | <u>104,279</u>   |                  |
| Total net assets       |                  | <u>3,141,567</u> |

|   |                                   |
|---|-----------------------------------|
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <b><u><u>\$ 4,303,248</u></u></b> |
|---|-----------------------------------|

See accompanying notes to financial statements

**Lafayette Catholic Service Centers, Inc**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

|                                       | Unrestricted        | Temporarily<br>Restricted | Total               |
|---------------------------------------|---------------------|---------------------------|---------------------|
| <b>Support and revenue</b>            |                     |                           |                     |
| Support (cash)                        |                     |                           |                     |
| Grants                                |                     |                           |                     |
| Federal grants                        | -                   | 876,280                   | 876,280             |
| Opus Christi Magnum                   | 328,445             | -                         | 328,445             |
| United Way Campaign/CFC               | -                   | 91,140                    | 91,140              |
| Local Govt grants                     | -                   | 18,255                    | 18,255              |
| Other private grants                  | -                   | 37,000                    | 37,000              |
| Individual/church donations           | 255,120             | -                         | 255,120             |
| Diocesan Assistance - clients         | 43,973              | -                         | 43,973              |
| Special event fundraisers             | 110,957             | -                         | 110,957             |
| Client financial assistance           | -                   | 3,816                     | 3,816               |
| Utility assistance                    | <u>-</u>            | <u>73,505</u>             | <u>73,505</u>       |
| Total cash support                    | 738,495             | 1,099,996                 | 1,838,491           |
| Support (In-kind)                     |                     |                           |                     |
| Donated clothing                      | 15,620              | -                         | 15,620              |
| Contributed professional services     | 31,139              | -                         | 31,139              |
| Volunteer labor                       | 280,513             | -                         | 280,513             |
| Donated facilities                    | 273,189             | -                         | 273,189             |
| Food and meals provided               | 618,915             | -                         | 618,915             |
| Furniture & household                 | 8,449               | -                         | 8,449               |
| Medicine & toiletries                 | <u>38,264</u>       | <u>-</u>                  | <u>38,264</u>       |
| Total in-kind support                 | 1,266,089           | -                         | 1,266,089           |
| Revenue                               |                     |                           |                     |
| Investment income                     | 1,375               | -                         | 1,375               |
| Rent/resident fees                    | 6,193               | -                         | 6,193               |
| Gain/(Loss) on sale of fixed assets   | 5,595               | -                         | 5,595               |
| Other income                          | <u>10,453</u>       | <u>-</u>                  | <u>10,453</u>       |
| Total revenue                         | 23,616              | -                         | 23,616              |
| Net assets released from restrictions | <u>1,090,776</u>    | <u>(1,090,776)</u>        | <u>-</u>            |
| <b>Total support and revenue</b>      | <b>\$ 3,118,976</b> | <b>\$ 9,220</b>           | <b>\$ 3,128,196</b> |

See accompanying notes to financial statements

**Lafayette Catholic Service Centers, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

|                                 | Unrestricted        | Temporarily<br>Restricted | Total               |
|---------------------------------|---------------------|---------------------------|---------------------|
| <b>Expenses.</b>                |                     |                           |                     |
| Program services (cash)         | 1,472,489           | -                         | 1,472,489           |
| Program services (in-kind)      | 1,233,104           | -                         | 1,233,104           |
| Depreciation expense            | <u>209,598</u>      | <u>-</u>                  | <u>209,598</u>      |
| Total program services expenses | 2,915,191           | -                         | 2,915,191           |
| Supporting services             |                     |                           |                     |
| Management and general          | 256,249             | -                         | 256,249             |
| Fundraising expenses            | 5,858               | -                         | 5,858               |
| In-Kind                         | 26,181              | -                         | 26,181              |
| Depreciation expense            | <u>31,692</u>       | <u>-</u>                  | <u>31,692</u>       |
| Total supporting services       | <u>319,980</u>      | <u>-</u>                  | <u>319,980</u>      |
| Total expenses                  | <u>3,235,171</u>    | <u>-</u>                  | <u>3,235,171</u>    |
| Change in net assets            | (116,195)           | 9,220                     | (106,975)           |
| Net assets, beginning of year   | 3,152,093           | 95,059                    | 3,247,152           |
| Unrealized Holding Gain (Loss)  | <u>1,390</u>        | <u>-</u>                  | <u>1,390</u>        |
| Net assets, end of year         | <u>\$ 3,037,288</u> | <u>\$ 104,279</u>         | <u>\$ 3,141,567</u> |

See accompanying notes to financial statements

**Lafayette Catholic Service Centers, Inc**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

Cash flows from operating activities

Increase in net assets \$ (106,975)

Adjustments to reconcile change in net assets  
to net cash provided by operating activities

|  |           |
|--|-----------|
| Depreciation   | 241,290   |
| Decrease in grants and other receivables             | 158,120   |
| (Increase) in inventory                              | (6,805)   |
| Decrease in deposits                                 | 611       |
| Increase in accounts payable and<br>accrued expenses | 25,308    |
| (Decrease) in deferred revenue                       | (240,038) |
| (Decrease) in other liabilities                      | (8,612)   |

Net cash provided by operating activities 62,899

Cash flows from investing activities

|   |                |
|---|----------------|
| Increase in value of investments        | 1,390          |
| Purchases and donations of fixed assets | (82,238)       |
| Proceeds from sale of equipment         | 63,300         |
| (Gain) on disposal of fixed assets      | <u>(5,595)</u> |

Net cash (used) by investing activities (23,143)

Cash flows from financing activities

|                            |          |
|----------------------------|----------|
| Payments on long-term debt | <u>-</u> |
|----------------------------|----------|

Net cash (used) by financing activities -

Net increase in cash & cash equivalents 39,756

Cash & cash equivalents beginning of year 276,096

Cash & cash equivalents, end of year \$ 315,852

Supplemental disclosure

Interest paid amounted to \$0

See accompanying notes to financial statements

**Lafayette Catholic Service Centers, Inc**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2011**

|                                    | Program Services | Supporting<br>Services | Total<br>Expenses |
|------------------------------------|------------------|------------------------|-------------------|
| <u>Cash expenses</u>               |                  |                        |                   |
| Advertising & public relations     | 280              | 3,779                  | 4,059             |
| Background checks                  | 455              | 52                     | 507               |
| Conference & seminars              | 1,414            | 2,072                  | 3,486             |
| Concession machines                | 6,288            | -                      | 6,288             |
| Dues & subscriptions               | 703              | 1,003                  | 1,706             |
| Fuel & Vehicle Maintenance         | 16,159           | -                      | 16,159            |
| Fundraising/Newsletter             | 303              | 5,858                  | 6,161             |
| Insurance                          | 49,277           | 7,902                  | 57,179            |
| Janitorial & trash collection      | 13,581           | 974                    | 14,555            |
| Kitchen, food & laundry            | 22,419           | 12                     | 22,431            |
| Miscellaneous                      | 835              | 2,184                  | 3,019             |
| Materials and Supplies             | 37,001           | 4,536                  | 41,537            |
| Payroll taxes & benefits           | 180,084          | 38,245                 | 218,329           |
| Postage & shipping                 | 108              | 2,046                  | 2,154             |
| Professional fees                  | 6,704            | 3,078                  | 9,782             |
| Rent expense                       | 4,582            | -                      | 4,582             |
| Repairs & maintenance              | 81,394           | 5,575                  | 86,969            |
| Salaries & contract labor          | 616,332          | 174,383                | 790,715           |
| Client financial assistance        | 272,754          | -                      | 272,754           |
| Telephone                          | 15,115           | 5,030                  | 20,145            |
| Travel & transportation            | 2,569            | 3,291                  | 5,860             |
| Utilities                          | 144,132          | 2,087                  | 146,219           |
| Total cash expenses                | 1,472,489        | 262,107                | 1,734,596         |
| <u>Non-cash expenses (in-kind)</u> |                  |                        |                   |
| Clothing provided                  | 15,620           | -                      | 15,620            |
| Contributed professional services  | 4,958            | 26,181                 | 31,139            |
| Volunteer labor                    | 280,513          | -                      | 280,513           |
| Donated facilities                 | 273,189          | -                      | 273,189           |
| Food distributed & meals served    | 617,748          | -                      | 617,748           |
| Furniture distributed              | 8,449            | -                      | 8,449             |
| Medicine & toiletries              | 32,627           | -                      | 32,627            |
| Total non-cash expenses            | 1,233,104        | 26,181                 | 1,259,285         |
| Total expenses before depreciation | 2,705,593        | 288,288                | 2,993,881         |
| Depreciation expense               | 209,598          | 31,692                 | 241,290           |
| Total expenses                     | \$ 2,915,191     | \$ 319,980             | \$ 3,235,171      |

See accompanying notes to financial statements

## LAFAYETTE CATHOLIC SERVICE CENTERS, INC

### Notes to Financial Statements Year Ended June 30, 2011

#### Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Lafayette Catholic Service Centers, Inc. (LCSC) is presented to assist in understanding LCSC's financial statements.

#### Nature of Activities

LCSC was established in 1973 under the auspices of the Roman Catholic Diocese of Lafayette and incorporated as a Louisiana nonprofit corporation on October 8, 1981, for the purpose of serving as a conduit for the receipt and distribution of goods and services for the poor and homeless of the community. There are eleven programs operating under the LCSC corporation: St. Joseph Shelter for Men, St. Joseph Transitional Housing, St. Joseph Diner, Bishop O'Donnell Transitional Housing, Monsignor A. O. Sigur Service Center (includes HPRP homeless prevention program), St. Michael's Center for Veterans, St. Michael's Emergency Shelter, New Life Center, New Life Child Care Center, New Life Center for Veterans, and Shelter Plus Care. LCSC also serves as the HUD grantee for one sub-recipient (LAECHY) belonging to the Acadiana Regional Council on Homelessness (ARCH).

A portion of the LCSC Administration building (Bishop O'Donnell building) also houses a health clinic operated by Our Lady of Lourdes Hospital called St. Bernadette Community Clinic. The Clinic provides free medical and dental services to the community with the assistance of Lourdes staff nurses and physicians Monday through Friday. In fiscal year 2003-2004, St. Bernadette Community Clinic expanded into a 5,900 square foot facility in a new section of the Bishop O'Donnell building, which was paid for and is being operated by Lourdes Hospital. LCSC records \$64,644 in annual donated facilities to reflect the annual rental value of Lourdes Hospital's donation to LCSC.

The New Life Center building in Opelousas was purchased by the Roman Catholic Diocese of Lafayette on April 20, 1989 for the purpose of establishing a diocesan-sponsored agency serving the homeless women and children of the Diocese of Lafayette. The agency was created by the Roman Catholic Diocese of Lafayette. Primary services are food, shelter, clothing, child care, social service referrals, and life skills educational classes. Specific programs at the New Life Center include transitional housing for women and children and veterans. All of these programs are provided from the New Life Center's four-story building in Opelousas, Louisiana. As of June 30, 2011, all four floors and 34,758 square feet of space are fully renovated and occupied. The rent-free use of the facility runs through the year 2018 in a lease with the Diocese of Lafayette. LCSC records \$208,548 in annual donated facilities to reflect the annual rental value of free usage of the building.

### Basis of Accounting

LCSC's books and records are maintained on the accrual basis of accounting for both internal and external financial reporting purposes. Investments and other assets held for sale are reported at fair market value. The financial statements presented herein have been prepared on the accrual basis.

### Financial Statement Presentation

LCSC's financial statements meet the accounting standards as prescribed by SFAS 117, **Financial Statements of Not-for-Profit Organizations**. LCSC has only unrestricted and temporarily restricted classes of net assets. There are no permanently restricted net assets.

### Contributions

LCSC meets the accounting standards as prescribed by SFAS 116, **Accounting for Contributions Received and Contributions Made**. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS 116, time restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or expenditure of the funds.

### Accounting for Restricted/Unrestricted Support

LCSC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

LCSC reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those long-lived assets must be maintained, LCSC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### Investments

The balance in the Investments account reflects the June 30, 2011 fair market value of the shares of several publicly traded stocks, which were donated to LCSC. The fair market value at the time of donation was recorded as in-kind revenue. The value is updated every year to reflect the



current fair market value with the change in value being recorded as Unrealized Holding Gain (Loss) in the Statement of Activities. All stocks were consolidated into a local brokerage account.

#### Deferred Revenue - Grants and exchange transactions

Some cost reimbursement type grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116. In such cases, revenue is not recognized until the services required by the Grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

#### Fixed Assets and Depreciation

LCSC follows the practice of capitalizing (at cost) all major expenditures for fixed assets; the fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support as described above.

Depreciation and amortization of furniture, equipment and leasehold improvements are computed using the straight-line method over useful lives of five to twenty-five years.

#### Other Matters/Income Taxes

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

As a not-for-profit organization, LCSC pays no state or federal income tax under the United States Catholic Conference group exemption as a 501(c)(3) organization.

#### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Compensated Absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. Accrued compensated absences were determined to be \$22,053 as of June 30, 2011. This amount has been included in "Accounts Payable and Accrued Expenses."

### Statement of Cash Flows

For purposes of the Statement of Cash Flows, LCSC considers the cash equivalents all highly liquid investments with initial maturities of three months or less

### Note B - Contributed Services and Volunteer Services

LCSC complies with accounting standards as prescribed by SFAS 116 and 117. Accordingly, contributed services of volunteers shall only be recognized in the statement of activities if the services received a) create or enhance nonfinancial assets (land, buildings, etc.) or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. LCSC has recorded contributed professional services of \$31,139 and volunteer labor of \$280,513 (all departments and programs combined) as both revenue and expense, based on the criteria described above. Many other skilled services were provided but could not be measured and are not recorded. These include construction project management, computer consulting, legal consulting, advertising and others.

Donated facilities are considered contributed assets and not services, and are recognized in the statement of activities at the fair market value as both revenue and expense in the period it is received and used.

### Note C - Accrued Expenses / Accounts Payable

Accrued expenses consist of payroll withholdings of \$16,330, accounts payable to vendors of \$20,665, accrued compensated absences of \$22,053, and wages payable of \$37,475.

### Note D - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The statement of functional expenses gives a more detailed breakdown of the various expense categories for both program and supporting services by their natural accounting categories. Program services include transitional housing for men, women and single parent families, child care, emergency and transitional shelter for homeless veterans, rental and utilities assistance, meals, food, medicine, case management and other assistance. Supporting services are administrative costs.

### Note E - Donated Materials, Services and Facilities

Donated materials and services received by LCSC make up a significant portion of total receipts. These donated materials and services are then used by LCSC in rendering services provided.

to recipients. In such circumstances it is appropriate to value such donations received and used, and reflect the receipt and use of donated services and the receipt, use and inventory of donated materials in the financial statements. See additional requirements of SFAS 116 in Footnote B. Donated materials and services are reflected as contributions, services provided and inventories in the accompanying statements at their estimated values.

Free use of approximately 34,758 square feet for the New Life Center in Opelousas is allowed by The Diocese of Lafayette under a lease agreement which expires at the end of 2018. Contributions and related rental expense of \$208,548 are reflected in the financial statements for the year ended June 30, 2011, conservatively based on \$6.00 estimated square foot annual rental value.

St. Bernadette's Clinic- Our Lady of Lourdes Hospital (OLOL) built out the leasehold improvements and funds the annual operations of the medical and dental clinic portion of the LCSC building. The annual rental value of the donated facilities provided by the Clinic is reflected at \$64,641 in the financial statements. The value of the donated services provided by OLOL doctors and nurses and volunteer dentists at the new dental clinic is not valued in the financial statements as this is an outreach program run by OLOL. However there is great intangible value to LCSC and their patrons by having the clinic available on site. The annual cost of LCSC providing this service would be hundreds of thousands of dollars. Under the terms of the lease, OLOL hospital has a 10 year primary term expiring July 10, 2012, with an option to renew for an additional 10 years. The rent charged to the hospital is \$1 (one dollar) per month, paid annually.

#### Note F – Retirement Plan

In January, 1995 LCSC began participating in the Diocese of Lafayette group retirement plan. The plan is a 403 (B) profit-sharing plan whereby the employer is responsible to contribute 3% of the salary of eligible participants. Total retirement plan expense for the year ended June 30, 2011 was \$21,067 which is included in "payroll taxes and benefits" in the statement of functional expenses.

#### Note G- Net Assets Released from Restrictions

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors/grantors. Total amount released from restrictions during the year was \$1,090,776.

#### Note H - Related Party Transactions

LCSC had an \$891,973 note payable to the Diocese of Lafayette for an indefinite period of time without interest. This loan was made to supplement grant revenue in the construction and

renovation of the Bishop O'Donnell building into the administrative offices, Monsignor Sigur Center, and Bishop O'Donnell Transitional Housing as well as renovation of the New Life Center. The note was cancelled as of June 30, 2009 and reclassified as part of net assets. The New Life Center building is also a related party lease at no cost from the Diocese. The value of the donated facilities is discussed in Note E.

**Note I - Major Program/Concentration**

For the year ended June 30, 2011, LCSC had one major federal grantor-H U D , support from which was approximately 33% of total cash support/revenues. Support from grants from this agency (H U D ) was approximately \$662,326 for the year ended June 30, 2011. The concentration risk is mitigated by the fact that the \$662,326 is an aggregation of seventeen different grants.

**Note J - Subsequent Events—Fiscal Year 2011-2012**

All federal, state and local government grants are expected to be renewed at or near the same funding level as the current year grants.

**Note K - Concentration of Credit Risk**

Each unique account at an institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash in LCSC's bank accounts does not exceed federally insured limits.

**Note L - Share the Light Program/Lights On Program**

LCSC serves as distribution agent for the Lafayette Utilities System "Share the Light" program and SLEMCO's "Lights On" program. Under these programs, utility customers are provided the opportunity to contribute funds in excess of their utility bill and the proceeds are used to assist the poor in paying delinquent utility balances. During the fiscal year 2010-11 \$62,972 was received and \$62,762 was distributed in utility assistance through this program.

Another \$10,533 was received and \$10,827 was distributed through the "Lights On" program, a program similar in nature and operation for customers of the SLEMCO utility system.

**Note M - Lafayette City/Parish Consolidated Government**

During 2010-11, LCSC recognized \$18,255 from two years' external agency grants (EAG) from the Lafayette City/Parish Consolidated Government for the purpose of providing special assistance and operating funds for St. Joseph's Men's Shelter. This amount has been included in temporarily restricted support, and is released from restrictions as LCSC incurs expenditures in compliance with the specific restrictions. As of June 30, 2011, \$7,775 remains eligible to be drawn against the grant.

**Note N - Major Federal Program-HUD Supportive Housing**

In accordance with the Single Audit Act and OMB Circular A-133, LCSC considers \$300,000 to be the threshold for determining major programs. For these purposes all of the following HUD grants were considered in the aggregate to be one major program.

|   | <u>Federal Funds Expended</u> |
|---|-------------------------------|
| NLC HUD Transitional Housing              | \$166,464                     |
| NLC HUD Transitional Housing II           | 111,332                       |
| NLC HUD Chemical Dependency               | 56,216                        |
| M/S HUD Transitional Housing- Men         | 29,601                        |
| NLC HUD Child Care                        | 30,588                        |
| Bishop O'Donnell HUD Transitional Housing | 34,386                        |
| HUD Shelter Plus Care                     | 86,109                        |
| HUD Homeless Prevention (HPRP)            | 73,268                        |
| HUD Grant Administration                  | 45,274                        |
| NLC HUD Emergency Shelter (ESG)           | 16,695                        |
| M/S HUD Emergency Shelter (ESG)           | <u>12,393</u>                 |
| Total                                     | <u>\$662,326</u>              |

All of the above grants fall under CFDA numbers 14-231, 235-238 and 257, and have been audited for compliance under the compliance requirements of OMB Circular A-133 in the required areas of allowable activities, allowable costs, cash management, eligibility, matching funds, procurement, reporting and special tests and provisions. These grants for supportive housing comprise about 33% of all funds and 87% of all federal funds received and expended by LCSC.

**Note O - LA Shelter Plus Care**

Lafayette Catholic Service Centers entered into a cooperative endeavor agreement on June 30, 2009 with the State of Louisiana, Division of Administration, Office of Community Development to implement a grant under Shelter Plus care Program (S+C). The grant amount is \$828,522.90 over an initial five year grant term. The Louisiana S+C Permanent Supportive Housing Program shall provide rental assistance for 23 rental vouchers through HUD's Shelter Plus Care Program. Lafayette Catholic Service Centers (the Subsidy Administrator) shall administer and manage S+C rental assistance to eligible participants in the Lafayette and St. Landry Parishes.

**Note P – St Michael's Center for Veterans – Veterans' Administration (VA) Grant**

LCSC was awarded a Veterans' Affairs Grant and Per Diem Grant in June 2006 to create a twelve bed transitional housing facility for homeless veterans with disabilities. The program became operational in October 2007, and is partially funded each year by the VA Per Diem Grant. In FYE June 30, 2011, the grant provided \$180,037 to St. Michael's and the New Life Center VA programs combined.

**Note Q – Homelessness Prevention and Rapid Re-Housing Program**

Another new program that began in December 2009 is the Homelessness Prevention and Rapid Re-Housing (HPRP) Program. This is a new program authorized by the *American Recovery and Reinvestment Act* of 2009. Funding is provided by HUD (through Lafayette Consolidated Government) through a three year grant of \$209,600. Eligible recipients can receive rental and utility assistance, and case management, with a goal of preventing homelessness.

**Note R- Special Assistance**

The Msgr. Sigur Center provides special assistance for rent, utilities, transportation, fuel, prescription medication, funerals, etc. for qualified applicants. These expenses are funded by redirecting donations from churches, foundations, individuals, and \$4,000 a month from the Diocese of Lafayette. The new HPRP Homeless Prevention grant and the Shelter Plus grant are also administered as special assistance through the Sigur Center.

**Note S- LAECHY Sub Recipient - Lafayette Parish School Board**

A \$95,746 annual grant for Case Management for Homeless Families with Children is administered through the Lafayette Parish School Board. The grant funds flow through LCSC and then to LAECHY the sub-recipient after proper documentation is submitted. The revenues and expenses of this grant are not reflected in the financial statements of LCSC. This is the only sub-recipient grant administered by LCSC. The grant is in the final year.

**Note T – Client Services Provided**

For the year ended June 30, 2011, LCSC agencies (combined) provided shelter for 341 individuals, plus 91 single mothers with 182 children, for a total of 614 people and 54,734 nights of lodging. Further, 106,817 meals were served and 691 families and individuals received direct financial assistance. 23 families were housed through the new Shelter Plus Care program.

Concluded

## SUPPLEMENTAL INFORMATION

### SUMMARY OF AUDIT RESULTS:

Type of Report Unqualified

Material Noncompliance None

Report on Major Programs Unqualified

Report on Compliance and Controls: Unqualified

A-133 Findings None

Major Programs HUD CEDA grants 14 235 Transitional Housing

Dollar threshold for Type A \$300,000

Qualifies as low risk auditee Yes



LAFAYETTE CATHOLIC SERVICE CENTERS, INC

SCHEDULE A – EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

| <u>Federal Grantor/<br/>Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Total<br/>Grant/Contract</u> | <u>Current Year<br/>Grant Award<br/>Disbursements</u> |
|--|------------------------------------|---------------------------------|---|
| U S Department of H U D *  |                                    |                                 |   |
| Emergency Shelter Grants (2 grants)-M/S  | 14 231                             | \$ 26,000                       | \$ 12,393   |
| Emergency Shelter Grant – NLC (2 grants)   | 14 231                             | \$ 26,000                       | \$ 16,695   |
| F E M A (2 grants) – M/S, NLC,   | 97 024                             | \$ 11,750                       | \$ 11,750   |
| U S Department of H U D — T/H<br>Bishop O'Donnell Apts (2 grants)                | 14 235                             | \$ 70,802                       | \$ 34,386   |
| U S Dept of H U D - New Life Center<br>Transitional Housing (2 grants)           | 14 235                             | \$ 166,213                      | \$166,464   |
| U S Dept of H U D – New Life Center<br>Transitional Housing II (2 grants)        | 14 235                             | \$ 228,998                      | \$111,332   |
| U S Dept of H U D. – New Life Center<br>Visions (Chemical Dependency) (2 grants) | 14 235                             | \$ 112,000                      | \$ 56,216   |
| U S Dept of H U D – New Life Center<br>Child Care (2 grants)                     | 14.235                             | \$ 70,175                       | \$ 30,588   |
| U S Dept of H U D – Men's Shelter<br>Transitional Housing for Men (2 grants)     | 14 235                             | \$ 61,950                       | \$ 29,601   |
| U S Dept of V A —St Michael s Per Diem   | 64 024                             | \$ 137,095                      | \$111,789   |
| U S Dept of V A —New Life Center   | 64 024                             | \$ 75,336                       | \$ 43,415   |
| HUD & VA Grand Admin Fees  | N/A                                | N/A                             | \$ 51,439   |
| U S Dept of H U D — Shelter Plus Care  | 14 238                             | \$ 828,522                      | \$ 98,542   |
| U S Dept of H U D — Homeless Prevention<br>& Rapid Re-Housing –(ARA) **          | 14 257                             | \$ 209,600                      | \$ 79,503   |
| Total  |                                    | \$ 2,024,441                    | \$854,113   |

NOTE Grant awards may include multiple grants overlapping from multiple grant years Many 3-year grants have been renewed as 1 year grants by H U D The Shelter Plus Care grant is a 5 year award and the Homeless Prevention & Rapid Rehousing grant is a 3 year award

\*All H U D grants in the aggregate are considered to be a "major program" under the guidelines of Circular A-133

\*\* The Homeless Prevention & Rapid Rehousing grant, and a small supplemental FEMA grant were both authorized under the *American Recovery Act (ARRA)*. In accordance with OMB circular A-133 these awards were audited as "high risk" awards since they were new programs

LAFAYETTE CATHOLIC SERVICE CENTERS, INC  
 SCHEDULE B - SCHEDULE OF GRANTS RECEIVABLE

Year Ended June 30, 2011

|   |                     |
|---|---------------------|
| External Agency Grant - Men's Shelter (I. C. G.)              | \$ 12,820           |
| Emergency Shelter Grant - Men's Shelter                       | 15,000              |
| Emergency Shelter Grant (City of Opelousas) - New Life Center | 16,369              |
| United Way - Lafayette & St. Landry                           | 48,310              |
| H U D - New Life Child Care Center                            | 11,550              |
| H U D - Bishop O'Donnell Apartments                           | 17,755              |
| H U D - Transitional Housing (New Life Center)                | 85,853              |
| H U D - Transitional Housing II (New Life Center)             | 55,385              |
| H U D - Transitional Housing (Men's Shelter)                  | 28,306              |
| H U D - Chemical Dependency (New Life Center)                 | 22,256              |
| V A - St. Michael's Center                                    | 22,755              |
| V A - New Life Center   | 17,578              |
| H U D - Shelter Plus Care                                     | 700,287             |
| H U D - Rapid Rehousing/Homeless Prevention                   | <u>94,043</u>       |
| Total   | <u>\$ 1,148,267</u> |

**SCHEDULE C – SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
AND RELATED CORRECTIVE ACTION**

**Year Ended June 30, 2011**

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS:**

**QUESTIONED COSTS:**

**NONE**

**LAFAYETTE CATHOLIC SERVICE CENTERS, INC**  
**SCHEDULE D – SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**AND RELATED CORRECTIVE ACTION**

Year Ended June 30 2011

**CURRENT YEAR FINANCIAL STATEMENT FINDINGS:**

**QUESTIONED COSTS**

**NONE**